

Innovative Funding Approaches and Partners to Help Address Nutrients in the Chesapeake Bay Watershed

EPA Region 3 - Philadelphia, Office of Water - Office of Infrastructure and Assistance

Geographic location or area of activity: Commonwealth of Virginia, Chesapeake Bay Watershed

Description of activity: Virginia Department of Environmental Quality (DEQ) consistently exceeds the Clean Water State revolving Loan Fund (CWSRF) threshold pace (a measure of how rapidly a state loans out SRF monies) of 80 percent. DEQ, in cooperation with the Virginia Resources Authority ensures the Fund is exhibiting excellent financial strength, will be available in perpetuity and will continue to provide needed financial assistance to improve the Commonwealth's water quality.

In 2006, Virginia conducted a comprehensive evaluation of the funding capacity of its CWSRF to determine its ability to provide sustained funding levels to support the expected near-term loan demand. Virginia plans to leverage (a process that includes depositing existing funds from loan repayments and interest earnings into a debt service reserve account and issuing bonds on the open market) the Fund every year to ensure approximately \$300 million is available during each of the next five years. DEQ's 2007 Intended Use Plan totaled \$304 million, with \$270.5 million for enhanced nutrient removal technology to help address the nutrient reduction goals of the Chesapeake Bay.

DEQ is funding nonpoint source projects by initiating innovative partnerships with several Farm Credit Banks throughout the Commonwealth. By establishing agreements with these Banks, the CWSRF program obtained 1) excellent marketing partners for its agricultural best management practices (BMP) loans and 2) experienced financial analysts to review the farmers' loan applications. Through these agreements, DEQ has provided financing for a substantial number of agricultural BMPs, thereby reducing nutrient loadings to the states' waters. A CWSRF loan can finance the entire cost of the project. After the project is built a farmer may receive reimbursement from a USDA grant; the grant dollars are used to pay down the loan. The farmer repays the remaining loan balance which represents his cost share, over periods ranging from seven to twenty years.

DEQ, in cooperation with the Virginia Tech Center for Organizational and Technological Advancement and EPA Office of Water, provided training designed to help facilities develop and implement complete Environmental Management Systems (EMS), using ISO 14001. The training is being provided over a twelve-month period to ten teams of four members each from wastewater facilities within the Chesapeake Bay Watershed. DEQ provided similar training and assistance to wastewater facilities in the past.

Interagency partner: Virginia Dept. of Environmental Quality

Local partner: Virginia Technological University